

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7273

BILL NUMBER: HB 1393

DATE PREPARED: Jan 15, 2002

BILL AMENDED:

SUBJECT: State Economic Policy Revitalization.

FISCAL ANALYST: Jim Landers

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: The bill replaces the Department of Commerce with the Department of Tourism and Community Development for purposes of administering programs concerning tourism and community development. The bill also transfers economic development duties of the Department of Commerce to the Economic Development Corporation and Energy Development responsibilities to the Department of Environmental Management.

Effective Date: July 1, 2003.

Explanation of State Expenditures: *Economic Development Corporation:* The bill establishes the Economic Development Corporation and transfers the responsibilities of the Indiana Department of Commerce (IDOC) relating to economic development in Indiana to the Corporation. The bill provides that the Economic Development Corporation is a body politic and corporate, an independent instrumentality and not a state agency. The Corporation is authorized to employ bond counsel, other legal counsel, technical experts, and other officers, agents and employees necessary for its operations; and to determine qualifications, duties, compensation, and terms of service of its employees. The bill stipulates that employees of the Corporation are not employees of the state. The bill also permits the Corporation to incur debt, and specifies that debt incurred by the Corporation does not represent or constitute debt of the State of Indiana.

The Corporation is composed of 13 members appointed for four-year terms, with the Governor, Lt. Governor, Speaker of the House of Representatives, President Pro Tempore of the Senate, House Minority Leader, Senate Minority Leader each appointing one member. Also, the Presidents of Indiana University, Purdue University, Indiana State University, Ball State University, Ivy Tech State College, Vincennes University, and the University of Southern Indiana each appoint one member. The members of the Corporation must either be employed in or retired from the private or nonprofit sector. Corporation members are entitled to a salary per diem equal to the per diem for members of the General Assembly for attending meetings. In addition, Corporation members are to be reimbursed for actual and necessary expenses on the same basis as

state employees. Currently, per diem for members of the General Assembly is \$112 per day, and the current mileage rate is \$0.345 per mile.

Transfer of Responsibilities: The bill provides that the current duties of the Indiana Department of Commerce (IDOC) relating to economic development, except for energy policy or tourism and community development, are transferred to the Economic Development Corporation. In addition, the bill requires that the Indiana Small Business Development Corporation and the Indiana Economic Development Council (which is also a corporation under current law) are a part of the Economic Development Corporation. However, the bill does not eliminate the board of directors of each of these entities, but provides that they are advisory to the Economic Development Corporation. The bill transfers the current duties of the IDOC relating to energy policy to the Department of Environmental Management. In addition, the bill renames the IDOC the Department of Tourism and Community Development and provides that current IDOC duties relating to tourism and community development remain with this agency.

The January 2, 2002, state staffing table indicates that the IDOC currently has 81 positions, 75 of which are filled, within the functional areas of economic development, community development and tourism and film development, and energy policy. The economic development area (encompassing development finance, business development, international trade, and redevelopment) has 41 full-time positions, 38 of which are filled, with a salary cost of about \$1.48 M. The tourism and film development, community development, and mainstreet programs have 26 full-time positions, all of which are filled, with an annual salary cost of about \$935,000. The energy policy area has 14 full-time positions, 11 of which are filled, with an annual salary cost of about \$412,000. In addition to employees in these functional areas, the IDOC also has about 50 full-time positions, 40 of which are filled, that appear to be executive office and central services to the above-described functional areas. The annual salary cost of these employees is approximately \$1.77 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Commerce, Department of Environmental Management, Small Business Development Corporation, Indiana Economic Development Council, Legislative Services Agency.

Local Agencies Affected:

Information Sources: